

foreign clients, who would be arranging export of the goods themselves.

119. On January 26, 2004, Plaintiff began to suspect irregularities with the goods which Research Electronics was exporting, as the Plaintiff knew that counter-measures equipment and encryption equipment was a highly controlled military item (by U.S. Law), with approval times often taking weeks, and more commonly months to get approved, and yet the Defendant was shipping goods within mere hours of the order being paid for.

120. Similar goods which the Plaintiff was handling for other related companies would often involve an approval cycle of months, and quite often the buyer would get discouraged with the delays in State Department (legal) approvals and would turn to an easier to obtain (albeit illegally exported) goods of the Defendant.

121. In other cases, the Defendant was shipping goods within one to two days of the order being placed, but in each case when the Plaintiff asked for copies of the actual export documents to ensure that the

934 export was being done legally the Defendant refused to supply them,  
935 or promised to supply them, but never did.  
936

937 122. In January 2004, though March 2004, the Plaintiff began to  
938 push more strongly for shipping documents, invoices, and export  
939 documents for the drop shipments, but the Defendant either would  
940 provide no documentation at all, or would provide only an invoice  
941 with a tracking number, but no export data.  
942

943 123. While the Plaintiff could not specifically figure out how the  
944 Defendant was getting the exports approved so quickly, he  
945 nonetheless suspected mischief or illegal activities on the part of the  
946 Defendants, and made a formal report to the U.S. Government, even  
947 though he lacked specifics of how they were doing it (he would  
948 discover the full details in January 2011).  
949

950 124. In 2004 and 2005, Plaintiff went to Defendants business to  
951 attend a two-week series of classes, and then a one-week course  
952 relative to Defendants equipment. Prior to Plaintiff's arrival, he was  
953 told that Defendant would assist him in dealing with clients to close

954 more sales and would also train Plaintiff in doing basic repairs on the  
955 OSCOR such as replacing batteries and alignments and would do this  
956 over a three day period over the weekend of the two week course (the  
957 “service” course was to take place on Friday Afternoon, and then all  
958 day on Saturday and Sunday). Contrary to Defendants representations,  
959 when Plaintiff arrived he was shown how to repair broken hinges;  
960 however, Defendant not only did not provide any instruction on any  
961 other repair or alignment techniques as promised, Defendant did  
962 everything to hide from Plaintiff anything related to repairs of the  
963 OSCOR.

964  
965 125. During this training session in 2005, the Plaintiff further  
966 broaches the topic of the ECCN codes and tried to get Defendant to  
967 provide the ECCN codes to him in some sort of printed and signed  
968 format or on letterhead, but the Defendant refused to supply such a list  
969 at that time.

970  
971 126. In 2007, Defendant had developed another product, the  
972 TALAN (which was based on the aforementioned CODEC of the  
973 Plaintiff). Plaintiff, prior to his arrival at Defendants business, was

974 told to bring photographic equipment because Defendant wanted  
975 Plaintiff to take extensive photographs of the TALAN in order to  
976 promote the product on the Plaintiff's web site. Prior to this date,  
977 Defendant had published only computer mockups since Defendant  
978 was experiencing considerable problems getting a final, production  
979 model. Upon arrival, Defendant not only refused to allow photographs  
980 by Plaintiff, Defendant further prohibited Plaintiff from using  
981 photographs from Defendant brochures, even though Plaintiff was still  
982 a manufacturer's representative.

983  
984 127. Over the two week course in August 2007, Plaintiff witnessed  
985 the TALAN products used in the classroom and laboratories  
986 exhibiting catastrophic failures due to serious design flaws, and the  
987 course instructors stated to the Plaintiff that the all of the units that the  
988 company was selling were having the same problems, and that all of  
989 the units which the Plaintiff had sold to the FBI as eavesdropping  
990 systems had been returned as defective.

991  
992 128. Plaintiff was told by the course instructors that the U.S. Navy  
993 and the Department of Justice had funded development of the TALAN,

994 but that deliveries were two years overdue, that there were chronic  
995 failures in the field, and that the Defendant had to seek a foreign  
996 company to help develop the product as they lacked both the technical  
997 skills, and the technical resources to design, build, or program the  
998 TALAN, despite the assurances to the U.S. Government that the  
999 TALAN was being developed in-house, and fully domestically (when  
1000 in fact it was not).

1001  
1002 129. In April 2007, after Plaintiff testified as a nationally recognized  
1003 technical subject matter expert in TSCM and TEMPEST for the  
1004 “Deepwater” Congressional Investigation for the Congressional  
1005 Oversight Committee a situation unfolded which eventually resulted  
1006 in the Defendant threatening to “destroy “ the Plaintiff by a series of  
1007 actions the Defendant initiated in August 2007.

1008  
1009 130. While attending a training course on a new product in August  
1010 2007, the Plaintiff inquired of Defendant Lee Jones (sales manager)  
1011 on or about August 8 or 9<sup>th</sup> 2007, as to the export status of the product  
1012 as it was listed as having an ECCN of 3A992, which the Plaintiff had  
1013 observed on export documents which Defendant employee Michelle

Gaw was preparing both for the TALAN, and the OSC-5000, and to whom the Plaintiff had inquired as to the proper ECCN.

131. Further, Michelle Gaw has posted in her office an internal document which listed all Research Electronics good as having an (now known to be illegal) ECCN of 3A992a, EAR99, or 5A991 with no mention that these were actually Munitions List Items. Plaintiff requested a copy of this document, and his request was denied.

132. Plaintiff then spoke to Lee Jones about his concerns that Research Electronics was illegally exporting goods under improper ECCNs, and Lee Jones reassured that “the companies export attorney” said that the ECCNs were legal and stated that if the Plaintiff “...wished to continue to have a relationship with Research Electronics that the matter would need to be considered closed.”

133. Plaintiff reported these seemingly illegal exports of Controlled Munitions and of the fraudulent product ECCN and subversion of the United State Munitions List to the Department of Justice in Boston, MA in on or about early September 2007, in the form of a verbal



1034 report and face-to-face meeting and expressed his concerns about the  
1035 seemingly illegal shipments being ignored by the government.  
1036

1037 134. Plaintiff asserts that the U.S. Navy secretly, and heavily funded  
1038 the development of several of the Defendants products, and that the  
1039 products did not function as originally specified.  
1040

1041 135. The Plaintiff asserts that this is the same pattern of retaliatory  
1042 behavior by the FBI and other government agencies, which was used  
1043 against Martin L. Kaiser in 1975 (and others since) after Mr. Kaiser  
1044 also testified before Congress in a similar fashion about government  
1045 corruption and rampant contractor fraud. This retaliation represents a  
1046 long term pattern of conduct by an agency, agent, or contractor of the  
1047 government in order to "pay back" or attempt to discredit the person  
1048 who testified before Congress and who performing their civic duty by  
1049 providing such testimony.  
1050

1051 136. Plaintiff further asserts, that this was a long term course of  
1052 conduct of a continuing enterprise, though a pattern, of racketeering  
1053 (including but not limited to: mail fraud, wire fraud, scheme to

defraud, obstruction of justice, interference in commerce, witness tampering, whistle-blower retaliation, and monetary transactions in property derived from specified unlawful activities), and have caused injury to the business and/or property of Plaintiff.

137. The project to “destroy” the Plaintiff by this Defendant thus appears to have been instituted in August of 2007, and possibly as early as July 2007.

138. On July 3, 2008, Defendant Research Electronics published and disseminated a letter entitled “Price List Update, and Export Compliance Obligation Notification” with an attached letter entitled “Export Compliance Obligations for the Export of Research Electronics International (REI)” in this document the Defendant attempts to shift the responsibilities for legal compliance for the ECCN and export controls to the Dealer or MREP instead of taking responsibility for it themselves. While REI did not in fact supply a list of ECCN’s in the letter, nor provide any meaningful data in regards to how the goods should be shipped or declared, this letter does mark a paradigm shift in how REI was handling exports.



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139. The Defendant thus tried to get dealers to export arms, using fraudulent ECCN codes supplied by the Defendant, and to trick and mislead the dealers into perpetrating fraudulent export declarations, and in effect the unlawful export of arms. This document was notable, as the Defendant had not previously published or distributed such a document, and they had previously gone to considerable effort not to address the issue in written form.

140. Shortly after receipt of this July 3, 2008 letter, the Plaintiff contacted Defendant and reviewed the ECCNs that were to be used for the various products, and found that the Defendant was still using illegal and fraudulently obtained ECCN codes (from August 2007), and was told by Michelle Gaw (Research Electronic sales person) that the End User Letters that REI required were being used to obtain the actual export licenses from the government (this is now know to be false).

1092 141. The Plaintiff did not become aware of this pattern of criminal  
1093 behavior of the Defendants until it manifested itself on December 1,  
1094 2009, and discovered the injury to the Plaintiff at that time.

1095  
1096 142. Plaintiff asserts that this pattern of specific, organized criminal  
1097 acts (in order to destroy the Plaintiff and silence a “Whistleblower”  
1098 who was one of the powerful market influencers in the TSCM  
1099 industry) took place from at least 2007 until the present date, but also  
1100 that the conduct took place over a long period of time spanning a  
1101 continuum of acts from October 2001 to the present time, and acts  
1102 which form a pattern even prior to September 2001, and in fact likely  
1103 dating back over a period of nearly thirty years.

1104  
1105 143. After the Plaintiff testified before Congress in April 2007, the  
1106 Defendant suddenly began to complicate Plaintiff’s sales by rejecting  
1107 end user certificates on overseas sales of products, revealing at one  
1108 point, that Defendant had “not received approval from Washington,  
1109 D.C. on the end user certificate.” This tactic continued to be employed  
1110 by Defendant such that simple transactions often were complicated by  
1111 Defendant to cause delays in the transactions resulting in Defendant

1112 capturing the client and sale and denying Plaintiff rightful  
1113 commissions, or profits.  
1114

1115 144. Specifically, in February 2009, the Plaintiff contracted for the  
1116 sale of over \$30,000.00 of Defendants equipment to a client located in  
1117 Switzerland and an ultimate destination in Uzbekistan.  
1118

1119 145. Upon receipt of payment by the Swiss client, Plaintiff properly  
1120 registered the sale in accordance with the required disclosures to  
1121 Defendant and immediately remitted full payment in the sum of over  
1122 \$20,000.00 to Defendant who received same.  
1123

1124 146. Defendant has judicially confessed that these funds were for the  
1125 entirety of the order bound for Switzerland and thence to Uzbekistan,  
1126 and that the transaction had been paid in full and was financially  
1127 cleared for immediate shipment.  
1128

1129 147. Defendant required that the shipment of the Defendants  
1130 equipment must be preceded by what is referred to as an "end user"  
1131 certificate, rather than ship the purchased items to the address

provided, and then repeatedly rejected the supplied documents.

Plaintiff was repeatedly told that the shipment was “on the loading dock” and requiring only the end-user certificate to effect release.

148. In truth in fact, under the U.S. Customs’ classification of the equipment purchased at the time, no end user certificate was required. Further, neither Switzerland nor Uzbekistan required any end user certificate.

149. However, had the ECCN been correct for the aforementioned equipment the actual nature of the equipment had been truthfully supplied to the U.S. Government by the Defendant, an actual License would have had to be obtained under 22 CFR, Section 121.1(b).

150. Essentially the Defendant had lied to the U.S. Customs Department and the U.S. State Department to list the goods improperly. This represents a long-term scheme to defraud, and fraudulent statements by the Defendant.

1151 151. It has since been discovered that while no “end user” certificate  
1152 was legally required at the time, the goods were still required by law  
1153 to be shipped under a State Department issued approval (due to being  
1154 on the United States Munitions List), which the Defendant had  
1155 unlawfully subverted by falsely claiming the equipment was merely  
1156 “general purpose test equipment” when in fact it was rather  
1157 “electronic counter measures gear” which is tightly controlled and  
1158 regulated by the U.S. Government.

1159  
1160 152. In order to facilitate the legitimate license from the U.S. State  
1161 Department under 22 CFR, Section 121.1(b) an end user letter must  
1162 be provided by the actual end user.

1163  
1164 153. Thus, while the Defendant was not properly exporting the  
1165 goods with the proper approvals, the Plaintiff was providing the  
1166 Defendants with the documents required to obtain proper State  
1167 Department approvals, but the Defendant was not actually getting the  
1168 proper approvals by the government, and indeed was providing an  
1169 illusion and fraud to the Plaintiff, and repeating claiming that such  
1170 licenses had in fact been obtained when in fact they had not.

1171  
1172 154. It is by this and related deceptions, that the Defendant was  
1173 effecting thousands of illegal exports of arms, as a long term  
1174 organized criminal enterprise, spanning at least 15 years.  
1175

1176 155. Plaintiff submits that Defendant has breached the laws of the  
1177 State of Tennessee and/or of the United States by illegally possessing  
1178 bugging devices as well as using those illegal bugging devices to  
1179 intercept wire and/or oral communications of Plaintiff without  
1180 Plaintiff's consent contrary to law, doing so within and throughout at  
1181 least the past ten years while Plaintiff was on the premises of  
1182 Defendants establishments in Tennessee.  
1183

1184 156. In accordance with 18 USC 3287 as the United States of  
1185 America is currently at war, and the Defendants have defrauded the  
1186 United States (to include the Department of Defense, Army, Navy,  
1187 Marines, Air Force, Coast Guard, and related agencies) in a time of  
1188 war, the Statue of Limitations has not yet started to toll for offenses  
1189 committed in 2001. Nor will the statute of limitations begin to toll for  
1190 seven years beyond the end of the war.



1191  
1192 157. As defendants KJB (both KJB Security International and KJB  
1193 Security Products, Inc) and REI (both Research Electronics, LLC and  
1194 Research Electronics, Inc.) overlaps and intermingled operations, and  
1195 engaged in major fraud against the United States, all four entities  
1196 individually and together form a single organized criminal enterprise,  
1197 for whom the statute of limitations stopped tolling on the October 7,  
1198 2001.

1199  
1200 158. For purposes of 18 USC 286 and 18 USC 371, the Defendants  
1201 did conspire to defraud the U.S. Government as recently as August 5,  
1202 2011 by virtue of publishing fraudulent ECCN codes to facility illegal  
1203 exports. Thus the statute of limitations will not run out on this offense  
1204 until August 5, 2016, notwithstanding the seven year tolling of 18  
1205 USC 3287. Further, as this fraud reaches back to at least October 7,  
1206 2001, all Defendants are liable for fines and damages from October 7,  
1207 2001 forward to the present date, involving hundreds of million of  
1208 dollars in arms smuggling, illegal sale of eavesdropping devices,  
1209 notable major fraud, and racketeering operations.

1211 159. As a major ongoing fraud has been committed against the  
1212 United States involving a sum in excess \$1,000,000, the statute of  
1213 limitations does not begin to toll until seven years after the last fraud,  
1214 reaching back to the restructuring of the company back to at least the  
1215 year 2002, and as there was no breach in the fraud, nor a change in the  
1216 principals involved the line of continuous fraud forms a continuum  
1217 back to the founding of the company in 1983.

1218  
1219 160. While the statute of limitation may not apply to criminal  
1220 conduct prior to October 7, 2001, they do in fact apply after that date,  
1221 and involve hundreds of million of dollars in illicit, illegal, or  
1222 fraudulent transactions.

1223  
1224 **CAUSES OF ACTION**

1225  
1226 **COUNT ONE**

1227  
1228 **RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,**  
1229 **AND OTHERS NAMED HEREIN DID UNLAWFULLY**  
1230 **BUILD, POSSESS, AND TRAFFIC IN ILLEGAL**  
1231 **EAVESDROPPING DEVICES**  
1232

1233 161. The allegations contained in paragraphs 1 through the current  
1234 paragraph, and including all of the following paragraphs, are re-  
1235 alleged and incorporated as though fully set forth herein.

1236  
1237 162. Defendants Research Electronics, Thomas H. Jones, Bruce  
1238 Barsumian, and others named herein, builds, imports, sells, resells,  
1239 possesses, offer for sale, operates, ships in inter-state commerce, and  
1240 controls illegal eavesdropping device, in violation of 18 USC 2510-  
1241 2522 and in furtherance of their commercial business pursuits in  
1242 violation of Federal law.

1243  
1244 163. Defendants did send through the mail, sent, or carried in  
1245 interstate or foreign commerce, electronic, mechanical, or other  
1246 devices, knowing or having reason to know that the design of such  
1247 device renders it primarily useful for the purpose of the surreptitious  
1248 interception of wire, oral, or electronic communications.

1249  
1250 164. Defendants did manufacture, assemble, possesses, or sell  
1251 electronic, mechanical, or other devices, knowing or having reason to  
1252 know that the design of such device renders it primarily useful for the



1253 purpose of the surreptitious interception of wire, oral, or electronic  
1254 communications, and that such devices and component thereof has  
1255 been sent through the mail or transported in interstate or foreign  
1256 commerce.

1257  
1258 165. Defendants did possess electronic, mechanical, or other  
1259 devices, knowing or having reason to know that the design of such  
1260 device renders it primarily useful for the purpose of the surreptitious  
1261 interception of wire, oral, or electronic communications, and that such  
1262 devices and component thereof was been used for the purposes of  
1263 supporting sales of the Defendants counter-surveillance products, by  
1264 way of demonstrating that the manufactures equipment would detect  
1265 said surveillance devices.

1266  
1267 166. Defendants further utilized these illegal surveillance devices  
1268 thousands of times in the training of students or purchasers of the  
1269 Defendants counter-surveillance products.

1270  
1271 167. Defendants did place in newspaper, or magazines, or handbills,  
1272 or other publication or disseminated by electronic means

advertisements of electronic, mechanical, or other devices knowing or having reason to know that the design of such device renders it primarily useful for the purpose of the surreptitious interception of wire, oral, or electronic communications.

168. Defendants did place advertisements and promoted the use of devices for the purpose of the surreptitious interception of wire, oral, or electronic communications, knowing the content of the advertisement and knowing or having reason to know that such advertisement will be sent through the mail or transported in interstate or foreign commerce.

## **COUNT TWO**

### **RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS, AND OTHERS NAMED HEREIN DID ADVERTISE, SELL OR TRAFFIC IN ILLEGAL TRANSMITTING DEVICES**

169. The allegations contained in paragraphs 1 through the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.



1296 170. Defendants Research Electronics, Thomas H. Jones, Bruce  
1297 Barsumian, and others named herein, makes, advertises, builds, sells,  
1298 resells, offers for sale, operates, ships in inter-state commerce, and  
1299 controls devices capable of transmitting a radio signal, or which  
1300 contains a local oscillator and which transmits a RF signal which are  
1301 not properly licensed, not properly certified, and/or not labeled in  
1302 accordance with 47 CFR in violation of Federal law.

1303  
1304 171. FCC regulations require that any device which contains any  
1305 from of local oscillator comply with a technical certification process  
1306 for each design and model.

1307  
1308 172. Further, 47 CFR mandates that when a design is changed that  
1309 that the holder of a previously held authorization or certification must  
1310 regain though reapplication or waiver FCC permission for the new  
1311 version.

1312  
1313 173. Defendants either have not done this on their products, or when  
1314 they have done such registrations, they have deviated from the

original design or tested sample so as to render the previous  
certification or authorization null and void.

**COUNT THREE**

**RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,  
AND OTHERS NAMED HEREIN DID  
ILLEGALLY EXPORT RESTRICTED ARMS**

174. The allegations contained in paragraphs 1 through the current  
paragraph, and including all of the following paragraphs, are re-  
alleged and incorporated as though fully set forth herein.

175. Defendants Research Electronics, Thomas H. Jones, Bruce  
Barsumian, and others named herein makes, builds, sells, resells,  
possesses, offers for sale, operates, ships in interstate and international  
commerce goods unlawfully that is restricted by International Traffic  
in Arms Regulations (ITAR) by the U.S. State Department items as  
controlled munitions or commodities in violation of Federal law.

**COUNT FOUR**

**RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,  
AND OTHERS NAMED HEREIN DID  
ILLEGALLY EXPORT RESTRICTED ARMS**

176. The allegations contained in paragraphs 1 through the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.

177. Defendants unlawfully exports and exported controlled munitions and controlled devices in violation of International Traffic in Arms Regulations (ITAR) (22 CFR, Sections 120 - 130) in that they are legally defined as defense articles on the United States Munitions List (USML). Licenses are issued by the U.S. Department of State Directorate of Defense Trade Controls (DDTC).

- i. Sec. 121.1 General. The United States Munitions List.
- ii. “(a) The following articles, services and related technical data are designated as defense articles and defense services pursuant to sections 38 and 47(7) of the Arms Export Control Act (22 U.S.C. 2778 and 2794(7)).”
  1. Category XI--Military [and Space] Electronics
  2. “(b) Electronic systems or equipment specifically designed, modified, or configured for intelligence, security, or military purposes for use in search, reconnaissance, collection, monitoring, direction-finding, display, analysis and production of information from the electromagnetic spectrum and electronic systems or equipment designed or

modified to counteract electronic surveillance or monitoring.”

**COUNT FIVE**

**RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,  
AND OTHERS NAMED HEREIN DID  
DEFRAUD THE UNITED STATES GOVERNMENT  
IN REGARDS TO ILLEGAL ARMS SHIPMENTS**

178. The allegations contained in paragraphs 1 through the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.

179. Research Electronics has unlawfully subverted U.S. Export restrictions of TSCM or Electronic Countermeasures equipment for at least the past ten years by repeatedly claiming that the “electronics counter-measures equipment” which they manufacture is merely “general purpose test equipment” (ECCN: 3A992) or medical equipment/not covered elsewhere (ECCN: EAR99), or “Information Security” (ECCN: 5B002) or “Telecommunications Equipment” (ECCN: 5A991) when it is in fact “electronic counter-measures equipment” as defined by Section 121.1, Category XI(b) as

1388 “equipment designed or modified to counteract electronic surveillance  
1389 or monitoring.”

1390  
1391 180. Further, Research Electronics does not advertise this equipment  
1392 for any function other than for the purposes of “counteracting  
1393 electronic surveillance or monitoring,” and the equipment is purpose  
1394 built for that sole function along, and no other.

1395  
1396 181. Defendants maintain a contract with the U.S. Government to  
1397 sell U.S. Government agencies (including the Department of Defense)  
1398 as “Schedule Title: FSC Group 84, Part VI, Section A, Law  
1399 Enforcement and Security Equipment, Contract Number: GS-07F-  
1400 9566G, FSC Class: 6350” with the nature of the goods sold by  
1401 Defendant listed strictly as “Special Item Numbers (SINS): 426-4N  
1402 Criminal Investigative Equipment & Supplies (Bug Detection  
1403 Equipment and Invisible Detection Materials.)”

1404  
1405 182. Neither does Research Electronics train students at their school  
1406 on how to use this equipment for any function other than to find,  
1407 locate, and to counteract eavesdropping devices.

1408

1409 183. Further the text books used to teach the courses taught by and  
1410 for the Defendants present only methods used for those purposes  
1411 listed in 22 CFR Section 121.1, Category XI(b) for the purposes of  
1412 “counteracting electronic surveillance or monitoring.”

1413

1414 184. Either the Defendants has defrauded the U.S. Government in  
1415 regards to the good being “Bug Detection” when in fact they are not,  
1416 or the Defendant has defrauded the U.S. Customs Department by  
1417 claiming that the goods were not “counter-surveillance” equipment  
1418 when in fact they were.

1419

1420 185. In fact, Defendants have registered under GSA Contract  
1421 Number: GS-07F-9566G the following items and specifies that these  
1422 are for the purposes of “counteracting electronic surveillance or  
1423 monitoring”

1424

1425 186. Additionally, the company profile registered under the GSA  
1426 Contract states that the company:

1427 “Manufactures countersurveillance eavesdropping detection  
1428 (TSCM) equipment such as the TALAN Telephone and Line



1429 Analyzer, OSCOR Countersurveillance Receiver, ORION Non-  
1430 Linear Junction Detector, CPM-700 Countersurveillance Probe  
1431 Monitor, CMA-100 Countermeasure Amplifier, and ANG-2200  
1432 Acoustic Noise-masking Generator. REI also provides  
1433 Technical Surveillance Countermeasure (TSCM) training.  
1434

1435 187. The GSA Contract specifies and described several of the  
1436 Defendants goods as:  
1437

1438 (a) COUNTERMEASURES AMPLIFIER, CMA-100, High Gain

1439 Audio Amplifier utilized to detect and identify certain types of  
1440 surveillance devices connected to building wiring.  
1441

1442 (b) DELUXE COUNTERSURVEILLANCE PROBE MONITOR,

1443 CPD-700, Kit that includes CPM-700, the new 12 GHz BMP  
1444 Probe and all other US available accessories.  
1445

1446 (c) ACOUSTIC LEAKAGE PROBE FOR CMA, ALA-100,

1447 Detects acoustic leakage. Specifically for use with the  
1448 Countermeasures Amplifier.  
1449

1450 188. On or about December 16, 2009, the defendants were caught by  
1451 U.S. Customs attempting to illegally ship several OSCOR BLUE, part  
1452 number OBL-24, under ECCN 3A992a, and as a result all REI

shipment were “seized or delayed” enroute involving a seizure of several million dollars.

189. On, or about January 15, 2010, U.S. Customs initiated additional seizures of REI exported goods due to REI export fraud, and on March 1, 2010 Research Electronics issued a letter stating “We are experiencing some unforeseen export issues with all recent export shipments”

**COUNT SIX**

**RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,  
AND OTHERS NAMED HEREIN DID  
DEFRAUD THE UNITED STATE GOVERNMENT,  
THE PLAINTIFF, OTHER DEALERS, AND EXPORTERS  
IN REGARDS TO ILLEGAL ARMS SHIPMENTS**

190. The allegations contained in paragraphs 1 though the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.

191. In the aforementioned March 1, 2010 letter from Research Electronics, Thomas H. Jones fraudulently states that “We have valid

export classifications by the U.S. Department of Commerce indicating no export restrictions”, when in fact they had fraudulently misrepresented the function of the equipment to evade being properly categorized as under Section 121.1, Category XI(b) of the “The United States Munitions List”, and indeed the goods are highly restricted, and highly controlled by law.

192. This letter was sent by Research Electronics both by wire and by U.S. Mail, thus violating U.S. Mail fraud statutes, and engaging in a long-term course of criminal conduct and racketeering.

#### **COUNT SEVEN**

#### **RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS, AND OTHERS NAMED HEREIN DID COMMIT MAIL FRAUD, FRAUD BY WIRE, SCHEME TO DEFRAUD, AND DID INTERFERE WITH INTERSTATE AND INTERNATIONAL COMMERCE.**

193. The allegations contained in paragraphs 1 through the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.

1499 194. This notice was sent out both by mail, and by wire means in  
1500 violation of wire and mail fraud statutes, in a scheme to defraud, and to  
1501 interfere with interstate and international commerce.

1502  
1503 195. On or about March 8, 2010 and continuing to early April 2010,  
1504 Research Electronics acknowledged that the OBL-24 was in fact  
1505 improperly described, when they changed the ECCN to reflect that it  
1506 was now a Section 121.1, Category XI(b) "Munitions List Item",  
1507 which rendered the unit difficult, if not impossible for them to export  
1508 without extensive licensing which they had previously been able to  
1509 evade.

1510  
1511 **COUNT EIGHT**  
1512

1513 **RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,**  
1514 **AND OTHERS NAMED HEREIN DID**  
1515 **DEFRAUD THE UNITED STATE GOVERNMENT,**  
1516 **THE PLAINTIFF, OTHER DEALERS, AND EXPORTERS**  
1517 **IN REGARDS TO ILLEGAL ARMS SHIPMENTS**  
1518

1519 196. The allegations contained in paragraphs 1 through the current  
1520 paragraph, and including all of the following paragraphs, are re-  
1521 alleged and incorporated as though fully set forth herein.

1522

1523

197. Nevertheless, Research Electronics reintroduced the same product as the “OSCOR Blue” under a new name of the “OSCOR Green” with all of the prior features, functions, accessories, and operations that the previously seized OBL-24 “OSCOR Blue” also contained, and listed this “new model” under ECCN code 3A992a, which is in fact a Section 121.1, Category XI(b) “Munitions List Item” device.

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198. The only essential difference between the two units was a slight restriction in the frequency coverage, but not in the functionality as a piece of restricted “counteracting electronic surveillance or monitoring” equipment.

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199. Further, as this restriction in frequency coverage was induce by way of a minor software change, the hardware itself remains operable, and the software restrictions may be overridden by the end user, should they wish to do so.

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1541 200. Thus, the OSCOR Blue and the OSCOR Green is essentially  
1542 the same product from a hardware, and functionality perspective, with  
1543 deceptive export documentation.

1544  
1545 **COUNT NINE**  
1546

1547 **RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,**  
1548 **AND OTHERS NAMED HEREIN**  
1549 **DID ENGAGE IN MONOPOLIES AND RESTRAINT OF TRADE**  
1550

1551 201. The allegations contained in paragraphs 1 though the current  
1552 paragraph, and including all of the following paragraphs, are re-  
1553 alleged and incorporated as though fully set forth herein.

1554  
1555 202. This ongoing fraud by the Defendants in regards to the ECCN  
1556 and Munitions List status resulted in the Defendants illegally  
1557 monopolizing the industry, and forcing their honest competitors out of  
1558 business.

1559  
1560 203. Defendants contracted to, engaged in, conspired to engage in,  
1561 created trusts and agreements, engaged in monopolistic efforts, rigged  
1562 contracts, inflated market price, price fixing, and restraint of trade



among the several States, or with foreign nations, in violation of the law and contrary to public policy.

204. Defendants demanded that the Realtor James M. Atkinson not deal in the goods, wares, merchandise, machinery, supplies, or other commodities of their competitor or competitors, with the effect of such lease, sale, or contract for sale or such condition, agreement, or understanding to be to substantially lessen competition or tend to create a monopoly in any line of commerce.

#### **COUNT TEN**

#### **RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS, AND OTHERS NAMED HEREIN DID ENGAGE IN VIOLATIONS OF THE CIVIL RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS ACT**

205. The allegations contained in paragraphs 1 through the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.

206. The Defendants have not only violated International Traffic in Arms Regulations, but they have also committed including, but not

1586 limited to: Wire Fraud, Mail Fraud, Scheme to Defraud, Obstruction  
1587 of Criminal Investigations, Obstruction of Law Enforcement,  
1588 Interference with Commerce, and Transactions in Property Derived  
1589 from Specific Unlawful Activity in furtherance of this illegal  
1590 exportation, and misrepresented to the federal government of the  
1591 nature of their goods.

1592  
1593 207. Defendants encouraged, endorsed, organized, and/orchestrated  
1594 an ongoing criminal enterprise.

1595  
1596 208. Further, this Defendant has engaged in conduct and as a  
1597 continuing unit of an enterprise, through a pattern, of racketeering  
1598 enterprises (including, but not limited to: mail fraud, wire fraud,  
1599 scheme to defraud, robbery, kidnapping, extortion, obstruction of  
1600 justice, interference in commerce, also involving monetary  
1601 transactions in property derived from specified unlawful activity), and  
1602 have caused injury to the business and/or property of the Plaintiff  
1603 Atkinson.

1605        209.        This complex scheme to defraud, and to falsely classify arms in  
1606                order to export counter-surveillance equipment as mere “general  
1607                purpose test equipment” and other products on the part of the  
1608                Defendants has caused harm to the United States of America, to the  
1609                business and property of the Plaintiff and others, represents the  
1610                conduct of a continuing unit, by an enterprise, through a pattern, of  
1611                prohibited activities, which resulted in income for the Defendants, and  
1612                damage to the United States of America, and to Plaintiffs business and  
1613                property.

1614  
1615        210.        Had Defendants not engaged in this fraud, other parties would  
1616                have been able to apply for such licenses, and thus to export an  
1617                estimated \$28,774,000 in goods, which the Defendant illegally  
1618                exported to foreign customers between Jun 2007 and June 2011. As  
1619                this illegal export, and violations of the RICO statutes were  
1620                committed by the Defendants, trebles damages for the illegal exports  
1621                alone is expected to exceed \$86,322,000.

1645 much so that the information as to which nations are using which  
1646 equipment, and how they are using or deploying the equipment is  
1647 considered to be one of the greatest technological secrets a nation can  
1648 maintain, and access to the equipment to perform these activities is  
1649 vital to the national defense of any country on Earth.

1650  
1651 215. By way of export fraud Research Electronics did create  
1652 uncertainty and subversion of export control policy and inhibited the  
1653 efforts of United States business and worked to the detriment of the  
1654 United States.

1655  
1656 216. As 50 U.S.C. § 2410, provides for a five fold penalty, the  
1657 defendants are thus subject to a civil fine or forfeiture in the amount  
1658 of \$143,870,000 (based on 5 times the value of the shipments which  
1659 used fraudulent ECCN codes) or \$1,615,000,000 (one million dollars  
1660 per transaction), as the statute requires the fine or sanction be the  
1661 greater of the two, thus the fine for the four years in question will be  
1662 not less than 1.615 Billion dollars.

1664 217. Further, under 50 U.S.C. § 2410 each person involved in the  
1665 fraud is subject to a \$250,000 fine and a 10-year imprisonment for  
1666 each occurrence.

1667  
1668 218. Defendants are thus liable personally to a 403.75 million dollar  
1669 fine each, and a prison sentence of 16,150 years each.

1670  
1671 219. An estimate of the illegal shipment beyond the four-year  
1672 window, from Spring of 1995 until Spring 2007 is estimated to be  
1673 approximately \$83,400,000 involving 3,879 illegal shipment. This  
1674 would in turn increase the proposed fine and forfeiture to 3.879  
1675 Billion dollars.

1676  
1677 220. As the criminal conduct involves RICO violation, the damages  
1678 and fines for the past four years are thus trebled to 4.845 Billion  
1679 dollars for the company, and 1.211 Billion dollars for each of the  
1680 owners, or a combined fine or sanction of 6.301 Billion dollars.

1681  
1682 **COUNT TWELVE**  
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**RESEARCH ELECTRONICS, EMPLOYEES, OWNERS, AGENTS,  
AND OTHERS NAMED HEREIN DID UNLAWFULLY POSSES  
OR OPERATE ILLEGAL AUDIO EAVESDROPPING DEVICES**

221. The allegations contained in paragraphs 1 through the current paragraph, and including all of the following paragraphs, are re-alleged and incorporated as though fully set forth herein.

222. During eavesdropping-countermeasures courses taught in November 2004, October 2006, and August 2007, Plaintiff Atkinson did personally witness employees and agents of Research Electronics to be in possession of covert audio eavesdropping devices, did detect, evaluate, measure, catalog, and document these devices as fully operational, transmitting the voice and audio of the Plaintiff.

223. These devices were detected to be in the manufacturing area, first floor conference room, engineering areas, and second floor training areas of the premises of the Defendant.

224. In most cases, the Plaintiff was able to obtain visual contact and identification, and then to match the audio to the specific with the eavesdropping device.

1706  
1707 225. As most of these illegal eavesdropping devices originals in  
1708 Germany, Japan, England, and Israel, it is not possible for the  
1709 Defendants to acquire or to possess the devices unless they had been  
1710 illegally imported in contravention of U.S. law.

1711  
1712 226. On 11/10/2004, Plaintiff did detect, trace, identify, correlate,  
1713 and then physically confirm that Defendants was operating covert  
1714 audio eavesdropping devices on the frequencies of: 53.975 MHz,  
1715 105.47 MHz, 160.995 MHz, 177.897 MHz, 303.615 MHz, 304.125  
1716 MHz, 304.245 MHz, 314.375 MHz, 314.379 MHz, 321.985 MHz,  
1717 402.14 MHz, 412.895 MHz, 412.93 MHz, 423.125 MHz, 499.975  
1718 MHz, 607.255 MHz. In each case, the signals were found to be  
1719 originating from separate devices, and in each case the eavesdropping  
1720 device was hidden form view and covert in nature.

1721  
1722 227. On 11/18/2004, Plaintiff did detect, trace, identify, correlate,  
1723 and then physically confirm that Defendants was operating covert  
1724 audio eavesdropping devices on the frequencies of: 673.935 MHz,  
1725 674.15 MHz, 142.15 MHz, 1013 MHz. In each case, the signals were



found to be originating from separate devices, and in each case the eavesdropping device was hidden from view and covert in nature.

228. On 11/19/2004, Plaintiff did detect, trace, identify, correlate, and then physically confirm that Defendants was operating covert audio eavesdropping devices on the frequencies of: 304.261 MHz, 420.548 MHz, 420.55 MHz, 785 MHz, 876 MHz, 881 MHz, 893 MHz, 912.775 MHz, 1205.6 MHz, 1521.25 MHz, 1521.295 MHz, 1572.035 MHz, 1886.405 MHz, 2174.045 MHz, 2403.945 MHz, 2409.905 MHz, 2415.855 MHz, 2472.545 MHz. In each case, the signals were found to be originating from separate devices, and in each case the eavesdropping device was hidden from view and covert in nature.

229. On 11/20/2004, Plaintiff did detect, trace, identify, correlate, and then physically confirm that Defendants was operating covert audio eavesdropping devices on the frequencies of: 74.994 MHz, 75.008 MHz, 75.363 MHz, 77.2 MHz, 85.92 MHz, 88.875 MHz, 99.6 MHz, 647 MHz, 900 nm Infrared Audio Transmitter inside Smoke Detector. In each case, the signals were found to be originating from

235. This false claim is also made by way of a cut-out company by the name of "Absolute Surveillance" operated by Deanna Marie Wolfe, 31566 Railroad Canyon Road, Suite 709, Sun City, CA 92587.

236. Defendants state as part of the contract that there are no "Foreign Items" when indeed virtually the entirety of their goods are smuggled into the United States from China, Taiwan, Japan and other countries, and then fraudulently sold to the United States as having originated inside the United States.

237. On GSA Contract GS-07F-0156W the goods of this company are fraudulently listed as having a Point(s) of Production as:

(a) Wanco: Arvada, Adams and Jefferson Counties, CO

(b) VCT Vision: Covina, Los Angeles County, CA

(c) KJB: Nashville, Davidson County, TN

238. These fraudulent goods have also been sold to the Department of Defense in a time of war.

**ON ALL COUNTS**

1806

1807

239. Plaintiff is informed and believes that Defendant is the policy-

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maker and fiduciary supervisors of the remaining subordinates, agents,

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and employees identified hereinafter.

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240. Plaintiff is informed and believes that Defendants had

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knowledge that the wrongs hereinafter mentioned were and continue

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to be done; conspired with others to commit, were about to be

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committed, and having power to prevent or aid in preventing the

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commission of the same, neglected or refused so to do.

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241. Further, Defendants have engaged in conduct and as a

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continuing unit of an enterprise, through a pattern, of racketeering

1819

enterprises (including, but not limited to: mail fraud, wire fraud,

1820

smuggling, conspiracy, robbery, kidnapping, obstruction of justice,

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interference in commerce, also involving monetary transactions in

1822

property derived from specified unlawful activity), and have caused

1823

injury to the United States of America.

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1825

1826 242. The United States of America will continue to suffer irreparable  
1827 injury if the Court does not issue an immediate and emergency  
1828 injunction.

1829  
1830 243. Defendant encouraged, endorsed, organized, and/orchestrated  
1831 an ongoing criminal enterprise, and a widespread cover-up.

1832  
1833 244. Defendant did unlawful import, build, sell, possess, and utilize,  
1834 and ship in intrastate commerce numerous illegal-bugging devices.

1835  
1836 245. Defendant recklessly endangers the life and limbs of U.S.  
1837 Military forces and members of the intelligence community by selling  
1838 defective equipment, and makes false claims about products.

1839  
1840 246. Defendant unlawfully makes, possesses, ships, sells, or import  
1841 or exports illegal eavesdropping devices, and engages in illegal  
1842 eavesdropping.

1843  
1844 247. Defendant unlawfully exports controlled munitions, arms, and  
1845 controlled devices, has violated national security controls, has

engaged in monopolistic practices, and whistleblower retaliation, and witness tampering.

**PRAYER FOR RELIEF**

WHEREFORE, Plaintiff pray for the following relief:

1. Immediate seizure, and civil forfeiture of all assets, real estate, businesses, bank accounts, resources, boats, aircraft, investments, intellectual property, patents, trademarks, source code, or any other thing of value in the possession or control of the Defendants as “fruits of the crime”, and “monetary transactions in property derived from specified unlawful activity,” instrumentalities of crime used to facilitate the an organized criminal enterprise, and tools used to defraud the United States.

2. Immediate declaratory judgment and injunctive relief that the each and individually, of the aforementioned individual Defendants be immediate and as an interim step be listed in the Excluded Parties Lists System (EPLS), and eventually to be placed on the debarment

list.

3. Immediate declaratory judgment and injunctive relief in the form of an immediate suspension of all export privileges of all products that Research Electronics, LLC or KJB Security, or any derivate company, or employee may operate.

4. Immediate declaratory judgment that Defendants have defrauded the United States, and issue injunctive relief, fines, sanctions, penalties, as accorded to the fullest extent of the law, dating back to the beginning of the war in October 2001, or that date determined by the court to be appropriate tolling.

5. Immediate declaratory judgment and injunctive relief that Defendants shall not make, build, import, sell, operate, possess in whole or in part or in any way control any manner of eavesdropping device, of any sort in violation of 18 USC 2510 - 2522, and other relief this court deems appropriate.

6. Immediate declaratory judgment and injunctive relief that Defendants

shall not make, build, resell, offer for sale, import, sell, operate, or in any way circulate, ship, or distribute any manner any sort of device capable of transmitting a signal of any sort, or which contains a local oscillator until that product is first formally assigned a FCCID number and retail or commercial sale is approved by the FCC, for each model, each revision, and each modification as required by Federal law, and other relief this court deems appropriate.

7. Immediate declaratory judgment and injunctive relief that Defendants shall not make, build, resell, offer for sale, import, export, sell, operate, or in any way circulate, ship, or distribute any manner any sort of device capable of detecting eavesdropping devices or signals of any sort, unless that equipment is carefully controlled as in International Traffic in Arms Regulations (ITAR) by the U.S. State Department items and controlled munitions or commodities as required by Federal law, and other relief this court deems appropriate.

8. Immediate declaratory judgment and injunctive relief that Defendants shall issue a recall of all products sold in the United States, which are capable of transmitting a signal of any sort, until those units are



properly certified by the FCC and a proper FCC Form 731 has been approved.

9. Immediate declaratory judgment and injunctive relief that Research Electronics shall issue a recall or pay at least treble restitution to all purchasers or owners of all products made by Research Electronics located within the United State, as those products may not be legally used, and are thus useless.

10.Immediate declaratory judgment and injunctive relief that Research Electronics shall not make, build, resell, offer for sale, import, export, sell, operate, or in any way circulate, ship, or distribute any manner any sort of device sold as detecting hidden cellular phones or other electronics on or in the human body by means of non-ionizing radiation due to health risks and other relief this court deems appropriate.

11.Immediate declaratory judgment and injunctive relief that Research Electronics shall not make, build, resell, offer for sale, import, export, sell, operate, or in any way circulate, ship, or distribute any manner

any sort of device sold as detecting bombs or explosive devices by means of non-ionizing radiation due to health risks and other relief this court deems appropriate.

12. Impose very strong punitive damages against the Research Electronics for willfully violating, infringing, and depriving Plaintiff of his civil rights, also treble damages for committing fraud against the Plaintiff and violating the RICO statutes, or an amount to be determined at the time of trial, and other relief this court deems appropriate.

13. Plaintiff submits that he is entitled to declaratory judgment that the clauses in MREP Agreements described herein are adhesionary and *contra bones mores* such that they are legally unenforceable, form a restraint of trade, and a monopoly.

14. Plaintiff submits that the United States Government is entitled to an appropriate order from this Court commanding disclosure for inspection and copying by Plaintiff and the U.S. Government of all pending order forms submitted by Plaintiff to Defendant as well as all

1945 sales records, communications relative to all sales, all shipping, and  
1946 all export records of Defendant for the past ten (15) years.

1947

1948 15. Award treble actual damages both liquidated and unliquidated in an  
1949 amount to be determined at the time of trial.

1950

1951 16. Impose a civil fine of 1.615 Billion Dollars against Defendants as  
1952 required by 50 U.S.C. § 2410, for illegal shipments made between  
1953 Spring 2007 and August 2011.

1954

1955 17. Impose a civil fine of 3.879 Billion Dollars against Defendants as  
1956 required by 50 U.S.C. § 2410 for illegal shipments made between  
1957 Spring of 1995 until Spring 2007.

1958

1959 18. Trebling of all fines, sanctions, penalties, and damages given the  
1960 Defendants RICO violations.

1961

1962 19. Award *qui tam* Realtor, James M. Atkinson between 15% and 30% of  
1963 any award, fines, or settlement amounts.

1964

1965 20. Award attorney's fees and/or costs pursuant to this action.

1966

1967 21. Damages in the amount of three (3) times the actual damages or more,  
1968 suffered by the United States Government as a result of the  
1969 Defendants' conduct which violated the False Claims Act.

1970

1971 22. Relator/Plaintiff be awarded attorneys fees from any Common Fund  
1972 ("settlement"), if any, created for any benefits not covered by 31  
1973 U.S.C. § 3730(b).

1974

1975 23. Relator/Plaintiff be recover from Defendants, jointly and severally, all  
1976 costs and expenses of this litigation, including statutory attorneys'  
1977 fees and costs of court.

1978

1979 24. Pre-judgment and post-judgment interest, at the highest rate allowed  
1980 by law.

1981

1982 25. All other relief on behalf of the Relator/Plaintiff or the United States  
1983 Government to which they may be justly entitled, whether at law or  
1984 inequity, and which the District Court deems just and proper.

1985

1986 26. Award costs or expenses of the suit.

1987

1988 27. Any other further relief as the Court deems just and appropriate.

1989

1990 Respectfully submitted,

1991 Dated: August 5, 2011

1992

1993

1994

  
**UNITED STATES OF AMERICA, ex rel.**

1995

**James M. Atkinson**

1996

31R Broadway

1997

Rockport, MA 01966

1998

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